



**MEMORANDUM**

Date: July 3, 2019

To: City Staff and City Council  
City of Saginaw, Texas

From: Mark M. McLiney  
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RE: Proposed 2019 Debt Issuance

During our initial analysis of a possible future Bond Election at the City of Saginaw, we created a Tax Rate Impact Analysis spreadsheet that incorporated the City's existing Tax Supported debt obligations with various scenarios of future bond issues. We wanted to analyze historical City - Wide Appraised Values and use that information, along with information provided from the Tarrant Appraisal District, to develop scenarios that might best help direct the City Staff and Council as they developed the scope of a future Bond Election. I have attached the June 20, 2019 Analysis to this email.

When we received the 2019 Preliminary Taxable Values from TAD, we noticed a 16% increase in values from 2018. This increase in values will cause an immediate decrease in the I&S Tax Rate, because State Law only allows a City to set the I&S Tax Rate at the level required to pay the annual debt service. If the Final Taxable Values result in values the preliminary values the City's I&S Tax Rate in FY 2020 will be approximately \$0.1645 (down from \$0.1807.) Any decrease in I&S tax rate will reduce Future Bonding Capacity.

As the Attached Analysis shows, if the City maintains the current I&S Tax Rate of \$0.1807, there is approximately \$27,000,000 of future capacity. That includes the proposed \$2,000,000 2019 issue. If the decision is to forego the 2019 issuance the I&S Tax Rate will decrease to \$0.1645 and future capacity would be limited to approximately \$21,000,000. Additional funds can be included; however, a future tax rate increase would likely be required. Since State Law requires us to inform the voters at the time of the bond election of any future tax increases, a potential I&S Tax increase could have a negative impact on election results.